

rules and pass the bill, H.R. 3020, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the yeas have it.

Ms. VELÁZQUEZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

CALLING ON THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA TO REMOVE BARRIERS TO UNITED STATES FINANCIAL SERVICES FIRMS DOING BUSINESS IN CHINA

Mr. MARSHALL. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 552) calling on the Government of the People's Republic of China to remove barriers to United States financial services firms doing business in China.

The Clerk read the title of the resolution.

The text of the resolution is as follows:

H. RES. 552

Whereas well-functioning financial markets in China capable of accurately pricing risk, valuing assets, allocating capital to its most efficient use, providing financial products that allow savers to obtain a market rate of return, and capable of intermediating efficiently between savers and borrowers are essential if China is to move successfully to a market-based economy;

Whereas the lack of diversification and innovation among Chinese financial firms, particularly state-owned banks, limits the financial assets in which the Chinese people can invest and limits their access to savings and investment vehicles that would allow them to save safely and adequately for retirement and insure themselves against risks to health and incomes;

Whereas the current lack of well-functioning financial markets in China has the effect of misallocating capital and distorting investment in ways that subsidize capital intensive industries in China's manufacturing sector and distort trade with the United States and other trading partners as a consequence;

Whereas an increased presence of United States and other foreign financial services firms in China would provide substantial benefit to China by aiding in the reform and development of the banking, insurance, asset management, and securities industries and providing new products to Chinese consumers that would contribute substantially to their financial security;

Whereas the United States trade deficit with China in 2006 was \$233,000,000,000, and this trade deficit has nearly tripled in size since China joined the World Trade Organization in 2001;

Whereas the United States financial services sector is a leading source of United States exports globally and has the potential to be a major exporter to China;

Whereas the United States maintains open and nondiscriminatory standards for trade in financial services, while China continues to protect large segments of its financial services markets from foreign trade;

Whereas China's World Trade Organization commitments fail to achieve an open and nondiscriminatory environment for foreign financial services firms seeking to trade with China;

Whereas China is one of the few remaining major emerging market countries that maintains limitations on foreign ownership of financial services firms;

Whereas foreign ownership restrictions severely limit United States firms' ability to operate in China across the financial services sector, such that United States and other foreign firms are not permitted to own more than a 49 percent stake in a Chinese asset management firm, a 20 percent stake in a Chinese bank, a 33 percent stake in a Chinese securities firm, a 24.9 percent stake in a Chinese insurance company, and a 50 percent stake in a life insurance joint venture;

Whereas foreign entities are not permitted to invest in Chinese A-share securities markets except through an onerous licensing and quota system for "qualified foreign institutional investors," and Chinese institutional investors are also restricted in investing in foreign securities markets except through a licensing and quota system for "qualified domestic institutional investors";

Whereas the government of China has failed to meet its World Trade Organization commitment on licensing of foreign broker-dealers and maintains discriminatory restrictions on the scope of business of foreign securities firms;

Whereas the government of China maintains discriminatory standards for foreign banks in terms of capital requirements, restrictions on corporate operational form, and restrictions on bank branches, and has been slow to act on foreign banks' applications;

Whereas the government of China has approved no new enterprise annuities licenses for United States or other foreign firms since 2005 and maintains a cumbersome multi-agency process for approval of licenses;

Whereas the government of China maintains discriminatory practices for branch applications from foreign-invested life insurers, granting branch approvals slowly and consecutively, while domestic insurers receive concurrent approvals to open multiple branches;

Whereas major Chinese financial institutions have sought licenses to operate in the United States on the grounds that Chinese financial regulators satisfy consolidated supervision standards, at the same time the Chinese government restricts access to United States and other foreign firms on grounds that suggest that Chinese regulators may not satisfy these standards; and

Whereas the Secretary of the Treasury has initiated the Strategic Economic Dialogue as a forum in which to engage Chinese officials on economic reform issues, including financial market issues: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that—

(1) the Government of the People's Republic of China should immediately implement all of its World Trade Organization commitments to date in financial services;

(2) the Government of the People's Republic of China should immediately implement all of its commitments to date made under the auspices of the Strategic Economic Dialogue initiated by the Secretary of the Treasury;

(3) the goals of the United States for the next meeting of the Strategic Economic Dialogue should be to achieve Chinese commitments toward—

(A) removal of all foreign investment ownership caps on banking, life insurance, asset management, and securities;

(B) nondiscriminatory treatment of United States financial services firms (including

banking, insurer, insurance intermediary, asset management, and securities firms) with regard to licensing, corporate form, and permitted products and services; and

(C) nondiscriminatory treatment of United States financial services firms with regard to regulation and supervision; and

(4) United States financial service regulators, in assessing whether applications from Chinese financial institutions meet comprehensive consolidated supervision standards, should consider whether the applications are for operations and activities in the United States that are currently prohibited for United States financial institutions in China, and the extent to which such prohibitions reflect problems with the quality of home country supervision.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Georgia (Mr. MARSHALL) and the gentleman from Illinois (Mr. ROSKAM) each will control 20 minutes.

The Chair recognizes the gentleman from Georgia.

GENERAL LEAVE

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MARSHALL. Mr. Speaker, I would ask to insert into the RECORD three letters that we have received in support of this legislation.

One letter comes from Engage China dated September 4, 2007. Engage China is a consortium which includes these organizations: The American Banker's Association, the American Council of Life Insurers, American Insurance Association, The Council of Insurance Agents and Brokers, Bankers Association for Finance and Trade, Financial Services Forum, Financial Services Roundtable, Investment Company Institutes, Securities Industry and Financial Markets Association.

The second letter, also dated September 4, comes from The Financial Services Forum; and the third letter, dated August 31, comes from The Investment Company Institute.

SEPTEMBER 4, 2007.

Hon. BARNEY FRANK,
Rayburn House Office Building,
Washington, DC.

Hon. SPENCER BACHUS,
Rayburn House Office Building,
Washington, DC.

Hon. JIM MARSHALL,
Cannon House Office Building,
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Hon. PETER ROSKAM,
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DEAR CHAIRMAN FRANK, RANKING MEMBER BACHUS, CONGRESSMAN MARSHALL, AND CONGRESSMAN ROSKAM: As Chairman of the Engage China coalition, I write to applaud the focus on the critical importance of expanded access to China's financial sector in H. Res. 552. As members of the House Financial Services Committee, your leadership on this crucial issue is greatly appreciated.

Engage China is a coalition of eight financial services trade associations united in our